

United Stores Corporation

Report to Stockholders
Year Ending December 31, 1933

OFFICERS

GEORGE K. MORROW, *Chairman of the Board*

FREDERICK K. MORROW, *President*

R. W. JAMESON, *First Vice-President*

A. C. ALLEN, *Vice-President*

H. J. MOFFETT, *Vice-President*

GEORGE WATTLEY, *Treasurer*

W. A. FERGUSON, *Secretary*

BOARD OF DIRECTORS

A. C. ALLEN

W. A. BLACK

RANDOLPH CATLIN

W. L. CUMMINGS

JOHN FOSTER DULLES

SIR HERBERT HOLT

JAMES W. JAMESON

R. W. JAMESON

THOMAS H. MCINNERNEY

H. J. MOFFETT

FREDERICK K. MORROW

GEORGE K. MORROW

H. HOBART PORTER

WALTER B. RYAN, JR.

EUGENE W. STETSON

UNITED STORES CORPORATION

88 LEXINGTON AVENUE

NEW YORK, N. Y.

MARCH 14, 1934.

To the Stockholders of

UNITED STORES CORPORATION :

There are presented herewith the following financial statements of United Stores Corporation for the year ending December 31, 1933, with the report of Messrs. Price, Waterhouse & Co. thereon :

Balance Sheet.

Statement of Earned Surplus.

Statement of Income and Expenditure.

Statement of Capital Surplus.

During the year 1933, United Stores Corporation substantially increased its holdings of Cigar Stores Realty Holdings, Inc. debentures and decreased its holdings of United Cigar Stores Company of America preferred stock. At the end of the year it owned \$4,083,000 principal amount of these debentures out of a total of \$8,180,000 principal amount outstanding. These debentures constitute the principal claims provable against the United Cigar Stores Company of America bankrupt estate. Those owned by United Stores Corporation are deposited under the Plan of Reorganization of United Cigar Stores Company of America, which was announced on July 25, 1933 by the Reorganization Committee consisting of Eugene W. Stetson, Chairman, Charles Hayden, George K. Morrow and H. Hobart Porter. The Plan of Reorganization has not yet been consummated.

For the information of the stockholders there are enclosed herewith copies of the annual reports of Tobacco Products Corporation of Delaware and Tobacco Products Corporation of New Jersey for the year ending December 31, 1933.

By Order of the Board of Directors,

GEORGE K. MORROW,
Chairman.

UNITED STORES
BALANCE SHEET—

ASSETS

Cash	\$ 29,451.57
Accrued interest on Tobacco Products Corporation of New Jersey 6½% debentures....	80,740.84
Receivable from Tobacco Products Corporation of Delaware	129,531.79
Receivable from Reorganization Committee of United Cigar Stores Company of America (bankrupt)	20,466.66

Investments:

Tobacco Products Corporation of New Jersey:

6½% collateral trust debentures, at par \$7,453,000.00

Tobacco Products Corporation of Delaware:

20,263.2529 shares of capital stock (61.5% of total outstanding)
at that company's approximate book value of \$30.00 per share.. 607,897.58

Cigar Stores Realty Holdings, Inc. (bankrupt):

\$4,083,000* par value of 5½% debentures certificates of deposit
at cost, less 20% liquidating dividend received 2,020,742.74

*Including \$133,500 par value subject to rights retained by the sellers in
respect of the assets of Cigar Stores Realty Holdings, Inc. bankrupt
estate pursuant to agreement with the Debentureholders Protective
Committee dated July 25, 1933.

United Cigar Stores Company of America (bankrupt):

Certificates of deposit for 23,803 shares preferred stock, at nominal
value (13.9% of total outstanding) 1.00

The Union Tobacco Company:

Class A stock—24,795 shares }
Common stock— 4,530 shares } at nominal value 1.00

Other investments, at cost	237,685.00	10,319,327.32
	237,685.00	10,319,327.32
		\$10,579,518.18

To the Board of Directors of

UNITED STORES CORPORATION:

We have made an examination of the balance sheet of United Stores Corporation as at December 31, 1933, and the accompanying records of the company and other supporting evidence and obtained information and explanations from officers and

In our opinion, based upon such examination, the above balance sheet and related statements of income and balance sheet, its position at December 31, 1933 and the results of its transactions for the year.

56 Pine Street,
New York.
March 14, 1934.

CORPORATION

DECEMBER 31, 1933

LIABILITIES

Bank loan, due on demand, secured by \$550,000 par value Tobacco Products Corporation of New Jersey 6½% collateral trust debentures	\$	400,000.00
Accounts payable		14,125.26
Unclaimed dividends		1,934.79
Accrued franchise tax		16,500.00

Capital stock and capital surplus:—

Capital stock:

\$6 cumulative convertible preferred stock, without par value, preferred over class A and common as to \$115 on dissolution:

Authorized —101,800 shares

Outstanding—101,495 shares at stated capital of \$2,537,375.00

NOTE—Preferred dividends have accumulated from August 15, 1929, less \$11.93¾ paid on account.

Class A stock without par value, convertible, preferred over common as to \$4.20 per annum non-cumulative and as to \$75 on dissolution:

Authorized —1,042,400 shares

Outstanding— 915,979* shares at stated capital of 4,579,895.00

NOTE—The stock options referred to in the balance sheet as at December 31, 1932 were not exercised and have been cancelled.

Common stock without par value:

Authorized—2,955,800 shares, including 2,136,443 shares reserved for conversion of preferred and class A stocks.

Outstanding, less in treasury—504,281½* shares at stated capital of 252,140.75

*Including shares exchangeable for outstanding certificates of deposit.

Capital surplus, per statement attached	2,721,740.81	10,091,151.56
---	--------------	---------------

Earned surplus, per statement attached		55,806.57
--	--	-----------

NOTE—The company has an underwriting commitment of \$378,750 and is further contingently obligated to purchase up to 80,000 shares of stock and certain stock purchase warrants in a proposed new company at \$7.00 per share plus \$25,000, in connection with the plan for reorganization of United Cigar Stores Company of America dated July 25, 1933.

\$10,579,518.18

and of the statements of income and surplus for the year 1933. In connection therewith we examined accounts and employees of the company.

and surplus fairly present, in accordance with accepted principles of accounting consistently followed by the com-

PRICE, WATERHOUSE & Co.

UNITED STORES CORPORATION

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDING DECEMBER 31, 1933

Income:

Interest on Tobacco Products Corporation of New Jersey 6½% collateral trust debentures	\$545,316.58	
Interest on advances and bank balances	9,860.74	
	<hr/>	\$555,177.32

Expenses:

Stock transfer expense	\$ 15,746.09	
Other corporate expenses including franchise tax	54,957.60	
Expenses in connection with survey of the business of United Cigar Stores Company of America (bankrupt)	36,857.74	
Interest on bank loans	20,946.50	
	<hr/>	128,507.93
Net income for the year		<hr/> <hr/> \$426,669.39

NOTE—No provision for Federal income tax is required inasmuch as allowable deductions exceed the taxable income.

Carried to statement of earned surplus as follows:

Period January 1 to May 31	\$205,913.51	
Period June 1 to December 31	220,755.88	
Total	<hr/> <hr/> \$426,669.39	

UNITED STORES CORPORATION

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDING DECEMBER 31, 1933

Earned surplus at December 31, 1932, per report to stockholders for that year	\$386,294.15
Add—Net income for period January 1, 1933 to May 31, 1933, per statement attached	205,913.51
	<hr/>
	\$592,207.66

Deduct:

Dividends paid on \$6 cumulative convertible preferred stock:

March 15, 1933 at 81¼¢ per share.....	\$82,786.16	
June 15, 1933 at 81¼¢ per share.....	*82,589.48	\$165,375.64
	<hr/>	

*Declared May 16, 1933.

Write-down of investments, authorized by the Board of Directors as of May 31, 1933, applied to earned surplus to the extent thereof at that date	426,832.02
	<hr/>
	592,207.66

Balance	None
Net income for period June 1, 1933 to December 31, 1933, per statement attached	\$220,755.88

Deduct:

Dividends paid on \$6 cumulative convertible preferred stock:

September 15, 1933 at 81¼¢ per share.....	\$ 82,484.42
December 15, 1933 at 81¼¢ per share.....	82,464.89
	<hr/>

164,949.31

Earned surplus at December 31, 1933, per balance sheet	\$ 55,806.57
	<hr/> <hr/>

UNITED STORES CORPORATION

STATEMENT OF CAPITAL SURPLUS

FOR THE YEAR ENDING DECEMBER 31, 1933

Capital surplus at December 31, 1932 \$ 8,594,167.75

NOTE—The foregoing surplus, combined with \$13,837,680. stated capital in respect of the company's outstanding capital stock made a total of \$22,431,847.75 capital and capital surplus as shown in the 1932 report to stockholders.

Add:

Amount transferred from capital stock upon the reduction of capital represented by preferred stock from \$35 to \$25 per share, by class A stock from \$10 to \$5 per share, and by common stock from \$1 to 50¢ per share as approved by the stockholders on May 24, 1933 5,848,522.50

\$14,442,690.25

Deduct:

Write-down of investments authorized by the Board of Directors as at May 31, 1933:

43,803 shares preferred stock of United Cigar Stores Company of America (bankrupt) written down to nominal value of \$1.. \$ 4,073,456.50
20,083,212 shares capital stock of Tobacco Products Corporation of Delaware written down to \$30 per share 7,871,208.33
24,795 shares class A stock and 4,530 shares common stock of The Union Tobacco Company written down to nominal value of \$1 27,059.00

\$11,971,723.83

Less—Amount charged to earned surplus to the extent thereof at May 31, 1933 426,832.02

\$11,544,891.81

Par value of 6½% collateral trust debentures of Tobacco Products Corporation of New Jersey delivered to preferred stockholders in exchange for 17,750 shares of preferred stock surrendered for retirement.. \$887,500
Less—Stated capital of shares retired 619,730

Difference charged to capital surplus 267,770.00

11,812,661.81

Add:

\$ 2,630,028.44

Net proceeds from sale of certificates of deposit for 20,000 shares preferred stock of United Cigar Stores Company of America (bankrupt) previously written down to nominal value 8,000.00
Excess of proceeds from sale of Tobacco Products Corporation of New Jersey 6½% collateral trust debentures over par value thereof 211.82
Balance of reserve for contingencies in connection with the reorganization of Tobacco Products Corporation (Virginia) no longer required 83,500.55

Capital surplus at December 31, 1933, per balance sheet \$ 2,721,740.81